

FISCAL NOTE
HB 2481

January 24, 2006

SUMMARY OF BILL: Specifies that no governmental or other entity shall have the right to condemn and seize private property solely or principally to increase tax revenue, expand the sales or property tax bases, or to promote economic development. The power of eminent domain would only be authorized for the following purposes:

- Public ownership for use for roads, schools, hospitals, public buildings, parks, water supply or other critical infrastructures.
- Use by private parties, such as common carriers, that make the property available for the public's use and benefit.
- Elimination of a use that is harmful to the public, when such taking is found to be necessary to remedy the harm to the public.

ESTIMATED FISCAL IMPACT:


Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

Assumption:

- Industrial development boards are authorized to use the power of eminent domain to take property. Staff has been unable to find any instance of industrial development boards utilizing this power to date.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director